

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
Central Valley Project, California

LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
AND  
FEATHER WATER DISTRICT  
PROVIDING FOR PROJECT WATER SERVICE  
FROM THE SACRAMENTO RIVER DIVISION

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3 BUREAU OF RECLAMATION  
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6 AND  
7 FEATHER WATER DISTRICT  
8 PROVIDING FOR PROJECT WATER SERVICE  
9 FROM THE SACRAMENTO RIVER DIVISION

10 THIS CONTRACT, made this \_\_\_\_ day of \_\_\_\_\_, 2004, in  
11 pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or  
12 supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844),  
13 as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented,  
14 July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263),  
15 October 27, 1986 (100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30, 1992  
16 (106 Stat. 4706), all collectively hereinafter referred to as Federal Reclamation law, between  
17 THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, and  
18 FEATHER WATER DISTRICT, hereinafter referred to as the Contractor, a public agency of the  
19 State of California, duly organized, existing, and acting pursuant to the laws thereof, with its  
20 principal place of business in California;

21 WITNESSETH, that:

EXPLANATORY RECITALS

[1<sup>st</sup>] WHEREAS, the United States has constructed and is operating the Central Valley Project, California, for diversion, storage, carriage, distribution and beneficial use, for flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration, generation and distribution of electric energy, salinity control, navigation and other beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries; and

[2<sup>nd</sup>] WHEREAS, the Contractor has obtained from the State of California Water Resources Control Board a Permit 12094 pursuant to "Application No. 14803 to Appropriate Unappropriated Water" (hereinafter referred to as "Permit 12094") to appropriate water by direct diversion from the Feather River on the condition, among others, that no water shall be diverted until an agreement has been consummated between the Contractor and the United States providing for a concurrent exchange of water from the Central Valley Project for water diverted under the permit to the extent necessary to supply the prior rights of the Sacramento River and the Sacramento-San Joaquin delta users; and

[3<sup>rd</sup>] WHEREAS, the rights to Project Water were acquired by the United States pursuant to California law for operation of the Project; and

[4<sup>th</sup>] WHEREAS, the Contractor and the United States entered into Contract No. 14-06-200-171-A, dated June 26, 1962, which established terms for Central Valley Project Water to be delivered in the Sacramento River for diversion by exchange from the Feather River by the Contractor through December 31, 1994; and

[5<sup>th</sup>] WHEREAS, the Contractor and the United States have pursuant to Subsection 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into interim renewal contract(s) identified as Contract No(s). 14-06-200-171-A-IR1,

14-06-200-171-A-IR2, 14-06-200-171-A-IR3, 14-06-200-171-A-IR4, 14-06-200-171-A-IR5,  
14-06-200-171-A-IR6, 14-06-200-171-A-IR7, and 14-06-200-171-A-IR8, the current of which  
is hereinafter referred to as the Existing Contract, which provided for continued water service to  
the Contractor from March 1, 2003, through February 29, 2004; and

[6<sup>th</sup>] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of  
interim and existing long-term Central Valley Project Water service contracts following  
completion of appropriate environmental documentation, including a programmatic  
environmental impact statement (PEIS) pursuant to the National Environmental Policy Act  
analyzing the direct and indirect impacts and benefits of implementing the CVPIA and the  
potential renewal of all existing contracts for Project Water; and

[7<sup>th</sup>] WHEREAS, the United States has completed the PEIS and all other appropriate  
environmental review necessary to provide for long-term renewal of the Existing Contract; and

[8<sup>th</sup>] WHEREAS, the Contractor has requested the long-term renewal of the Existing  
Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws  
of the State of California, for water service from the Central Valley Project; and

[9<sup>th</sup>] WHEREAS, the United States has determined that the Contractor has fulfilled all  
of its obligations under the Existing Contract; and

[10<sup>th</sup>] WHEREAS, the Contractor has demonstrated to the satisfaction of the  
Contracting Officer that the Contractor has utilized the Central Valley Project Water supplies  
available to it for reasonable and beneficial use and, based upon a needs analysis cooperatively  
prepared by the Contracting Officer and the Contractor, has demonstrated projected future  
demand for water use that exceeds the Contract Total to be made available to it pursuant to this  
Contract; and

[11<sup>th</sup>] WHEREAS, water obtained from the Central Valley Project has been relied upon by urban and agricultural areas within California for more than 50 years, and is considered by the Contractor as an essential portion of its water supply; and

[12<sup>th</sup>] WHEREAS, the economies of regions within the Central Valley Project, including the Contractor's, depend upon the continued availability of water, including water service from the Central Valley Project; and

[13<sup>th</sup>] WHEREAS, the Secretary intends through coordination, cooperation, and partnerships to pursue measures to improve water supply, water quality, and reliability of the Project for all Project purposes; and

[14<sup>th</sup>] WHEREAS, the mutual goals of the United States and the Contractor include: to provide for reliable Central Valley Project Water supplies; to control costs of those supplies; to achieve repayment of the Central Valley Project as required by law; to guard reasonably against Central Valley Project Water shortages; to achieve a reasonable balance among competing demands for use of Central Valley Project Water; and to comply with all applicable environmental statutes, all consistent with the legal obligations of the United States relative to the Central Valley Project; and

[15<sup>th</sup>] WHEREAS, the parties intend by this Contract to develop a more cooperative relationship in order to achieve their mutual goals; and

[16<sup>th</sup>] WHEREAS, the United States and the Contractor are willing to enter into this Contract pursuant to Federal Reclamation law on the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is hereby mutually agreed by the parties hereto as follows:

91 DEFINITIONS

92 1. When used herein unless otherwise distinctly expressed, or manifestly  
93 incompatible with the intent of the parties as expressed in this Contract, the term:

94 (a) "Calendar Year" shall mean the period January 1 through December 31,  
95 both dates inclusive;

96 (b) "Charges" shall mean the payments required by Federal Reclamation law  
97 in addition to the Rates and Tiered Pricing Components specified in this Contract as determined  
98 annually by the Contracting Officer pursuant to this Contract;

99 (c) "Condition of Shortage" shall mean a condition respecting the Project  
100 during any Year such that the Contracting Officer is unable to deliver sufficient water to meet the  
101 Contract Total;

102 (d) "Contracting Officer" shall mean the Secretary of the Interior's duly  
103 authorized representative acting pursuant to this Contract or applicable Reclamation law or  
104 regulation;

105 (e) "Contract Total" shall mean the maximum amount of water to which the  
106 Contractor is entitled under subdivision (a) of Article 3 of this Contract;

107 (f) "Contractor's Service Area" shall mean the area to which the Contractor  
108 is permitted to provide Project Water under this Contract as described in Exhibit "A" attached  
109 hereto, which may be modified from time to time in accordance with Article 35 of this Contract  
110 without amendment of this Contract;

111 (g) "CVPIA" shall mean the Central Valley Project Improvement Act, Title  
112 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

(h) “Eligible Lands” shall mean all lands to which Irrigation Water may be delivered in accordance with Section 204 of the Reclamation Reform Act of October 12, 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

(i) “Excess Lands” shall mean all lands in excess of the limitations contained in Section 204 of the RRA, other than those lands exempt from acreage limitation under Federal Reclamation law;

(j) “Full Cost Rate” shall mean an annual rate, determined by the Contracting Officer that amortizes the expenditures for construction properly allocable to the Project Irrigation or M&I municipal and industrial functions, as appropriate, of facilities in service including operation and maintenance deficits funded, less payments, over such periods as may be required under Federal Reclamation law, or applicable contract provisions. Interest will accrue on both the construction expenditures and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the date incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated in accordance with subsections 202(3)(B) and (3)(C) of the RRA. The Full Cost Rate includes actual operation, maintenance, and replacement costs consistent with Section 426.2 of the Rules and Regulations for the RRA;

(k) “Ineligible Lands” shall mean all lands to which Irrigation Water may not be delivered in accordance with Section 204 of the RRA;

(l) “Irrigation Full Cost Water Rate” shall mean the Full Cost Rate applicable to the delivery of Irrigation Water;

(m) Irrigation Water shall mean water made available from the Project that is used primarily in the production of agricultural crops or livestock, including domestic use incidental thereto, and watering of livestock. Irrigation Water shall not include water used for purposes such as the watering of landscaping or pasture for animals (i.e., horses) which are kept



for personal enjoyment or water delivered to landholdings operated in units of less than five (5) acres unless the Contractor establishes to the satisfaction of the Contracting Officer that the use of water delivered to such landholding is a use described in this subdivision of this Article;

(n) "Landholder" shall mean a party that directly or indirectly owns or leases nonexempt land, as provided in 43 CFR 426.2;

(o) "Operation and Maintenance" or "O&M" shall mean normal and reasonable care, control, operation, repair, replacement (other than Capital replacement), and maintenance of Project facilities;

(p) ~~A~~Other Water~~@~~ shall mean water made available from the Project other than Irrigation Water as described in subdivision (m) of this Article, which is used for a purpose that is considered to be an irrigation use pursuant to State law such as the watering of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment. For purposes of this Contract, Other Water shall be paid for at Rates and Charges identical to those established for municipal and industrial water pursuant to the then-current Municipal and Industrial (M&I) Ratesetting Policy;

(q) ~~A~~Other Full Cost Water Rate~~@~~ shall mean the annual rate, which, as determined by the Contracting Officer, shall amortize the expenditures for construction allocable to Project municipal and industrial facilities in service, including, O&M deficits funded, less payments, over such periods as may be required under Federal Reclamation law with interest accruing from the dates such costs were first incurred plus the applicable rate for the O&M of such Project facilities. Interest rates used in the calculation of the Other Full Cost Rate shall comply with the Interest Rate methodology contained in Section 202 (3) (B) and (C) of the RRA;

(r) "Project" shall mean the Central Valley Project owned by the United States and managed by the Department of the Interior, Bureau of Reclamation;

(s) “Project Contractors” shall mean all parties who have water service contracts for Project Water from the Project with the United States pursuant to Federal Reclamation law;

(t) “Project Water” shall mean all water that is developed, diverted, stored, or delivered by the Secretary in accordance with the statutes authorizing the Project and in accordance with the terms and conditions of water rights acquired pursuant to California law;

(u) “Rates” shall mean the payments determined annually by the Contracting Officer in accordance with the then current applicable water ratesetting policies for the Project, as described in subdivision (a) of Article 7 of this Contract;

(v) “Recent Historic Average” shall mean the most recent 5-year average of the final forecast of Water Made Available to the Contractor pursuant to this Contract or its preceding contract(s);

(w) "Replaced Water" shall mean Project Water which is delivered in the Sacramento River at the confluence with the Feather River and thence diverted by the Contractor from the Feather River by exchange at points of diversion on the Feather River which are approved by the Contracting Officer;

(x) “Secretary” shall mean the Secretary of the Interior, a duly appointed successor, or an authorized representative acting pursuant to any authority of the Secretary and through any agency of the Department of the Interior;

(y) “Tiered Pricing Component” shall be the incremental amount to be paid for each acre-foot of Water Delivered as described in subdivision (j) of Article 7 of this Contract;

(z) “Water Delivered” or “Delivered Water” shall mean Replaced Water diverted for use by the Contractor at the point(s) of delivery approved by the Contracting Officer;

(aa) "Water Made Available" shall mean the estimated amount of Project Water that can be delivered to the Contractor for the upcoming Year as declared by the Contracting Officer, pursuant to subdivision (a) of Article 4 of this Contract;

(bb) "Water Scheduled" shall mean Project Water made available to the Contractor for which times and quantities for delivery have been established by the Contractor and Contracting Officer, pursuant to subdivision (b) of Article 4 of this Contract; and

(cc) "Year" shall mean the period from and including March 1 of each Calendar Year through the last day of February of the following Calendar Year.

#### TERM OF CONTRACT

2. (a) This Contract shall be effective March 1, 2004, through February 28, 2029. In the event the Contractor wishes to renew the Contract beyond February 28, 2029, the Contractor shall submit a request for renewal in writing to the Contracting Officer no later than 2 years prior to the date this Contract expires. The renewal of this Contract insofar as it pertains to the furnishing of Irrigation Water to the Contractor shall be governed by subdivision (b) of this Article, and the renewal of this Contract ~~insofar as it pertains to the furnishing of M&I Water to the Contractor~~ shall be governed by subdivision (c) of this Article.

(b) (1) On terms and conditions of a renewal contract that are mutually agreeable to the parties hereto, and upon a determination by the Contracting Officer that at the time of contract renewal the conditions set forth in subdivision (b)(2) of this Article are met, and subject to Federal and State law, this Contract, ~~insofar as it pertains to the furnishing of Irrigation Water to the Contractor,~~ shall be renewed for a period of 25 years.

(2) The conditions which must be met for this Contract to be renewed are: (i) the Contractor has prepared a water conservation plan that has been determined by the Contracting Officer in accordance with Article 26 of this Contract to meet the conservation and efficiency criteria for evaluating such plans established under Federal law; (ii) the Contractor is implementing an effective water conservation and efficiency program based on the Contractor's water conservation plan as required by Article 26 of this Contract; (iii) the Contractor is maintaining all water measuring devices and implementing all water measurement methods as approved by the Contracting Officer pursuant to Article 6 of this Contract; (iv) the Contractor has reasonably and beneficially used the Project Water supplies made available to it and, based on projected demands, is reasonably anticipated and expects fully to utilize for reasonable and beneficial use the quantity of Project Water to be made available to it pursuant to such renewal; (v) the Contractor is complying with all terms and conditions of this Contract; and (vi) the Contractor has the physical and legal ability to deliver Project Water.

(3) The terms and conditions of the renewal contract described in subdivision (b)(1) of this Article and any subsequent renewal contracts shall be developed consistent with the parties' respective legal rights and obligations, and in consideration of all relevant facts and circumstances, as those circumstances exist at the time of renewal, including, without limitation, the Contractor's need for continued delivery of Project Water; environmental conditions affected by implementation of the Contract to be renewed, and specifically changes in those conditions that occurred during the life of the Contract to be renewed; the Secretary's progress toward achieving the purposes of the CVPIA as set out in Section 3402 and in

implementing the specific provisions of the CVPIA; and current and anticipated economic circumstances of the region served by the Contractor.

~~(c) This Contract, insofar as it pertains to the furnishing of M&I Water to the Contractor, shall be renewed for a period of 25 years and thereafter shall be renewed for successive periods of up to 40 years each, which periods shall be consistent with the then existing Reclamation wide policy, under terms and conditions mutually agreeable to the parties and consistent with federal and state law. The Contractor shall be afforded the opportunity to comment to the Contracting Officer on the proposed adoption and application of any revised Reclamation wide policy applicable to the delivery of Project M&I Water that would limit the term of any subsequent renewal contract with the Contractor for the furnishing of M&I Water to less than 25 years.~~

(d) The Contracting Officer shall make a determination 10 years after the date of execution of this Contract, and every 5 years thereafter during the term of this Contract, of whether a conversion to a contract under said subsection 9(d) can be accomplished pursuant to the Act of July 2, 1956 (Public Law 643). Notwithstanding any provision of this Contract, the Contractor reserves and shall have all rights and benefits under Public Law 643. The Contracting Officer anticipates that during the term of this contract, all authorized Project construction expected to occur will have occurred, and on that basis the Contracting Officer agrees upon such completion to allocate all costs that are properly assignable to the Contractor, and agrees further that, at any time after such allocation is made, and subject to satisfaction of the condition set out in this subdivision, this Contract shall, at the request of the Contractor, be

converted to a contract under subsection (d), Section 9 of the Reclamation Project Act of 1939, subject to applicable Federal law and under stated terms and conditions mutually agreeable to the Contractor and the Contracting Officer. A condition for such conversion to occur shall be a determination by the Contracting Officer that, account being taken of the amount credited to return by the Contractor as provided for under Reclamation law, the remaining amount of construction costs assignable for ultimate return by the Contractor can probably be repaid to the United States within the term of a contract under said subsection (d). If the remaining amount of costs that are properly assignable to the Contractor cannot be determined during the term of this Contract, the Contracting Officer shall notify the Contractor, and provide the reason(s) why such a determination could not be made. Further, the Contracting Officer shall make such a determination as soon thereafter as possible so as to permit, upon request of the Contractor and satisfaction of the condition set out above, conversion to a contract under said subsection (d). In the event such determination of costs has not been made at a time which allows conversion of this Contract during the term of this Contract or the Contractor has not requested conversion of this Contract within such term, the parties shall incorporate in any subsequent renewal contract as described in subdivision (b) of this Article a provision that carries forth in substantially identical terms the provisions of this subdivision.

#### WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

3. (a) (1) During each Year, consistent with all applicable State water rights, permits, and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of this Contract, the Contracting Officer shall make available for delivery to the Contractor 20,000

acre-feet of water for irrigation and other purposes. The quantity of Water Delivered to the Contractor in accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this Contract. (1) During the months of June, July, August, and September of each Year, all water diverted by the Contractor from the Feather River, except as provided for under Article 26 of this Contract, shall be deemed, solely for the purposes of this Contract, to be Replaced Water; Provided, That during these four (4) months, the Contracting Officer shall not be obligated to deliver to the Contractor more than 18,533 acre-feet of Project Water and the Contractor shall not divert more than 18,533 acre-feet of water from the Feather River or the quantity available to it pursuant to Articles 10 and 11 of this Contract, whichever is less.

(2) Diversions of water by the Contractor from the Feather River during any other months of the Year shall be deemed, solely for the purposes of this Contract, to be water the Contractor is entitled to divert under Permit 12094, not Replaced Water, except when the State of California Water Resources Control Board determines that insufficient water is available in the Feather River during those other months, or portions thereof, for the Contractor to divert under its Permit 12094, in which event all diversions made from the Feather River by the Contractor after the date specified in the Board's notice of unavailability of water shall necessarily be Replaced Water and the Contracting Officer, subject to the provisions set forth in Articles 10 and 11 of this Contract, shall be obligated to make available to the Contractor up to the full 20,000 acre-feet of Project Water to which the Contractor is entitled.

(3) If the date specified in the Board's notice terminating the period of curtailment falls before June 1, then water diverted from the Feather River by the Contractor after the date specified in the said notice, but before June 1, shall be deemed, solely for the purposes of this Contract, to be water the Contractor is entitled to divert under Permit 12094, not Replaced Water. If the date specified in the Board's notice terminating the period of curtailment falls after September 30, then water diverted from the Feather River by the Contractor after the date specified in the said notice shall be deemed, solely for the purposes of this Contract, to be water the Contractor is entitled to divert under Permit 12094, not Replaced Water. The quantity of Water Delivered to the Contractor in accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this Contract.

(b) Because the capacity of the Central Valley Project to deliver Project Water has been constrained in recent years and may be constrained in the future due to many factors including hydrologic conditions and implementation of Federal and State laws, the likelihood of the Contractor actually receiving the amount of Water set out in subdivision (a) of this Article in any given Year is uncertain. The Contracting Officer's most recent modeling referenced in the PEIS projected that the Contract Total set forth in this Contract will not be available to the Contractor in many years. During the most recent 5 years, the Recent Historic Average of water made available to the Contractor was 18,400 acre-feet. Nothing in subdivision (b) of this Article shall affect the rights and obligations of the parties under any provision of this Contract.

(c) The Contractor shall utilize the Project Water in accordance with all applicable legal requirements.



(d) The Contractor shall make reasonable and beneficial use of all Project Water or other water furnished pursuant to this Contract. Ground-water recharge programs (direct, indirect, or in lieu), ground-water banking programs, surface water storage programs, and other similar programs utilizing Project Water or other water furnished pursuant to this Contract conducted within the Contractor's Service Area which are consistent with applicable State law and result in use consistent with Reclamation law will be allowed; Provided, That any direct recharge program(s) is (are) described in the Contractor's Water Conservation Plan submitted pursuant to Article 26 of this Contract; Provided, further, That such Water Conservation Plan demonstrates sufficient lawful uses exist in the Contractor's Service Area so that using a long-term average, the quantity of Delivered Water is demonstrated to be reasonable for such uses and in compliance with Reclamation Law. Ground-water recharge programs, ground-water banking programs, surface water storage programs, and other similar programs utilizing Project Water or other water furnished pursuant to this Contract conducted outside the Contractor's Service Area may be permitted upon written approval of the Contracting Officer, which approval will be based upon environmental documentation, Project Water rights, and Project operational concerns. The Contracting Officer will address such concerns in regulations, policies, or guidelines.

(e) The Contractor shall comply with requirements applicable to the Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution of this Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973, as amended, that are within the Contractor's legal authority to implement. The Existing Contract, which evidences in excess of 40 years of diversions for irrigation and/or municipal and industrial purposes of the quantities of water provided in subdivision (a) of Article 3 of this Contract, will be considered in developing an appropriate baseline for the Biological Assessment prepared pursuant to the Endangered Species Act, and any other needed environmental review. Nothing

herein shall be construed to prevent the Contractor from challenging or seeking judicial relief in a court of competent jurisdiction with respect to any biological opinion or other environmental documentation referred to in this Article.

(f) As soon as possible following each declaration of Water Made Available under Article 4 of this Contract, the Contracting Officer will make a determination whether Project Water, or other water available to the Project, can be made available to the Contractor in addition to the Contract Total under Article 3 of this Contract during the Year without adversely impacting other Project Contractors. At the request of the Contractor, the Contracting Officer will consult with the Contractor prior to making such a determination. If the Contracting Officer determines that Project Water, or other water available to the Project, can be made available to the Contractor, the Contracting Officer will announce the availability of such water and shall so notify the Contractor as soon as practical. The Contracting Officer will thereafter meet with the Contractor and other Project Contractors capable of taking such water to determine the most equitable and efficient allocation of such water. If the Contractor requests the delivery of any quantity of such water, the Contracting Officer shall make such water available to the Contractor in accordance with applicable statutes, regulations, guidelines, and policies.

~~(g) The Contractor may request permission to reschedule for use during the subsequent Year some or all of the Water Made Available to the Contractor during the current Year referred to as "carryover." The Contractor may request permission to use during the current Year a quantity of Project Water which may be made available by the United States to the Contractor during the subsequent Year referred to as "preuse." The Contracting Officer's written approval may permit such uses in accordance with applicable statutes, regulations, guidelines, and policies.~~

(g) The Contractor's right pursuant to Federal Reclamation law and applicable State law to the reasonable and beneficial use of Water Delivered pursuant to this Contract during the term thereof and any subsequent renewal contracts, as described in Article 2 of this Contract, during the terms thereof shall not be disturbed so long as the Contractor shall fulfill all of its obligations under this Contract and any renewals thereof. Nothing in the preceding sentence shall affect the Contracting Officer's ability to impose shortages under Article 11 or subdivision (b) of Article 12 of this Contract or applicable provisions of any subsequent renewal contracts.

(h) Project Water furnished to the Contractor pursuant to this Contract may be delivered for other than irrigation or municipal and industrial purposes upon written approval by the Contracting Officer in accordance with the terms and conditions of such approval.

(j) The Contracting Officer shall make reasonable efforts to protect the water rights necessary for the Project and to provide the water available under this Contract. The Contracting Officer shall not object to participation by the Contractor, in the capacity and to the extent permitted by law, in administrative proceedings related to the Project Water rights; Provided, however, That the Contracting Officer retains the right to object to the substance of the Contractor's position in such a proceeding; Provided further, that in such proceedings the Contracting Officer shall recognize the Contractor has a legal right under the terms of this Contract to use Project Water.

#### TIME FOR DELIVERY OF WATER

4. (a) On or about February 20 of each Calendar Year, the Contracting Officer shall announce the Contracting Officer's expected declaration of the Water Made Available. Such declaration will be expressed in terms of both Water Made Available and the Recent Historic Average and will be updated monthly, and more frequently if necessary, based on then-

current operational and hydrologic conditions and a new declaration with changes, if any, to the Water Made Available will be made. The Contracting Officer shall provide forecasts of Project operations and the basis of the estimate, with relevant supporting information, upon the written request of the Contractor. Concurrently with the declaration of the Water Made Available, the Contracting Officer shall provide the Contractor with the updated Recent Historic Average. .

(b) On or before each March 1 and at such other times as necessary, the Contractor shall submit to the Contracting Officer a written schedule, satisfactory to the Contracting Officer, showing the monthly quantities of Project Water to be delivered by the United States to the Contractor pursuant to this Contract for the Year commencing on such March 1. The Contracting Officer shall use all reasonable means to deliver Project Water according to the approved schedule for the Year commencing on such March 1.

(c) The Contractor shall not schedule Project Water in excess of the quantity of Project Water the Contractor intends to put to reasonable and beneficial use within the Contractor's Service Area during any Year.

(d) Subject to the conditions set forth in subdivision (a) of Article 3 of this Contract, the United States shall deliver Project Water to the Contractor in accordance with the initial schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any written revision(s), satisfactory to the Contracting Officer, thereto submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are to be implemented.

#### POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this Contract shall be delivered to the Contractor in the Sacramento River at the confluence with the

Feather River for diversion from the Feather River by exchange at such point or points on the Feather River mutually agreed to in writing by the Contracting Officer and the Contractor consistent with Permit 12094.

(b) The Contractor shall deliver Irrigation Water in accordance with any applicable land classification provisions of Federal Reclamation law and the associated regulations. The Contractor shall not deliver Project Water to land outside the Contractor's Service Area unless approved in advance by the Contracting Officer.

(c) All Water Delivered to the Contractor pursuant to this Contract shall be measured and recorded with equipment furnished, installed, operated, and maintained by the Contractor at the point or points of delivery established pursuant to subdivision (a) of this Article. Upon the request of either party to this Contract, the Contracting Officer shall investigate the accuracy of such measurements and shall take any necessary steps to adjust any errors appearing therein. For any period of time when accurate measurements have not been made, the Contracting Officer shall consult with the Contractor prior to making a final determination of the quantity delivered for that period of time.

(d) The Contracting Officer shall not be responsible for the control, carriage, handling, use, disposal, or distribution of Project Water Delivered to the Contractor pursuant to this Contract beyond the delivery points specified in subdivision (a) of this Article. The Contractor shall indemnify the United States, its officers, employees, agents, and assigns on account of damage or claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such Project Water beyond such delivery points, except for any damage or claim arising out of (i) acts or omissions of the Contracting Officer or any of its officers, employees, agents, or assigns, with the intent of

creating the situation resulting in any damage or claim, (ii) willful misconduct of the Contracting Officer or any of its officers, employees, agents, or assigns, (iii) negligence of the Contracting Officer or any of its officers, employees, agents, or assigns, or (iv) damage or claims resulting from a malfunction of facilities owned and/or operated by the United States.

MEASUREMENT OF WATER WITHIN THE SERVICE AREA

6. (a) By \_\_\_\_\_ [DATE] \_\_\_\_\_, the Contractor shall ensure that, unless the Contractor has established an alternative measurement program satisfactory to the Contracting Officer, all surface water delivered for irrigation purposes within the Contractor's Service Area is measured at each agricultural turnout and such water delivered for municipal and industrial purposes is measured at each municipal and industrial service connection. The water measuring devices or water measuring methods of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor shall be responsible for installing, operating, and maintaining and repairing all such measuring devices and implementing all such water measuring methods at no cost to the United States. The Contractor shall use the information obtained from such water measuring devices or water measuring methods to ensure its proper management of the water, to bill water users for water delivered by the Contractor; and, if applicable, to record water delivered for municipal and industrial purposes by customer class as defined in the Contractor's water conservation plan provided for in Article 26 of this Contract. Nothing herein contained, however, shall preclude the Contractor from establishing and collecting any charges, assessments, or other revenues authorized by California law. The Contractor shall include a summary of all its annual surface water deliveries in the annual report described in subdivision (c) of Article 26.

(b) ~~To the extent the information has not otherwise been provided, upon execution of this Contract, the Contractor shall provide to the Contracting Officer a written~~

~~report describing the measurement devices or water measuring methods being used or to be used to implement subdivision (a) of this Article and identifying the agricultural turnouts and the municipal and industrial service connections or alternative measurement programs approved by the Contracting Officer, at which such measurement devices or water measuring methods are being used, and, if applicable, identifying the locations at which such devices and/or methods are not yet being used including a time schedule for implementation at such locations. The Contracting Officer shall advise the Contractor in writing within 60 days as to the adequacy of, and necessary modifications, if any, of the measuring devices or water measuring methods identified in the Contractor's report and if the Contracting Officer does not respond in such time, they shall be deemed adequate. If the Contracting Officer notifies the Contractor that the measuring devices or methods are inadequate, the parties shall within 60 days following the Contracting Officer's response, negotiate in good faith the earliest practicable date by which the Contractor shall modify said measuring devices and/or measuring methods as required by the Contracting Officer to ensure compliance with subdivision (a) of this Article.~~

(b) All new surface water delivery systems installed within the Contractor's Service Area after the effective date of this Contract shall also comply with the measurement provisions described in subdivision (a) of this Article.

(c) The Contractor shall inform the Contracting Officer and the State of California in writing by April 30 of each Year of the monthly volume of surface water delivered within the Contractor's Service Area during the previous Year.

(d) The Contractor shall inform the Contracting Officer and the Operating Non-Federal Entity on or before the 20<sup>th</sup> calendar day of each month of the quantity of Irrigation and M&I Water taken during the preceding month.

RATES AND METHOD OF PAYMENT FOR WATER

7. (a) The Contractor shall pay the United States as provided in this Article for all Delivered Water at Rates, Charges, and the Tiered Pricing Component established in accordance with (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and the Secretary's then-existing ratesetting policy for municipal and industrial water. Such ratesetting policies shall be amended, modified, or superseded only through a public notice and comment procedure; (ii) applicable Reclamation law and associated rules and regulations, or policies; and (iii) other applicable provisions of this Contract. Payments shall be made by cash transaction, wire, or any other mechanism as may be agreed to in writing by the Contractor and the Contracting Officer. The Rates, Charges, and Tiered Pricing Components applicable to the Contractor upon execution of this Contract are set forth in Exhibit "B," as may be revised annually.

(b) The Contracting Officer shall notify the Contractor of the Rates, Charges, and Tiered Pricing Components as follows:

(1) Prior to July 1 of each Calendar Year, the Contracting Officer shall provide the Contractor an estimate of the Charges for Project Water that will be applied to the period October 1, of the current Calendar Year, through September 30, of the following Calendar Year, and the basis for such estimate. The Contractor shall be allowed not less than 2 months to review and comment on such estimates. On or before September 15 of each Calendar Year, the Contracting Officer shall notify the Contractor in writing of the Charges to be in effect during the period October 1 of the current Calendar Year, through September 30, of the following Calendar Year, and such notification shall revise Exhibit "B."

(2) Prior to October 1 of each Calendar Year, the Contracting Officer shall make available to the Contractor an estimate of the Rates and Tiered Pricing Components



for Project Water for the following Year and the computations and cost allocations upon which those Rates are based. The Contractor shall be allowed not less than 2 months to review and comment on such computations and cost allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the Contractor with the final Rates and Tiered Pricing Components to be in effect for the upcoming Year, and such notification shall revise Exhibit “B.”

(c) At the time the Contractor submits the initial schedule for the delivery of Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the Contractor shall make an advance payment to the United States equal to the total amount payable pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water scheduled to be delivered pursuant to this Contract during the first 2 calendar months of the Year. Before the end of the first month and before the end of each calendar month thereafter, the Contractor shall make an advance payment to the United States, at the Rate(s) set under subdivision (a) of this Article, for the Water Scheduled to be delivered pursuant to this Contract during the second month immediately following. Adjustments between advance payments for Water Scheduled and payments at Rates due for Water Delivered shall be made before the end of the following month; Provided, That any revised schedule submitted by the Contractor pursuant to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this Contract during any month shall be accompanied with appropriate advance payment, at the Rates then in effect, to assure that Project Water is not delivered to the Contractor in advance of such payment. In any month in which the quantity of Water Delivered to the Contractor pursuant to this Contract equals the quantity of Water Scheduled and paid for by the Contractor, no additional Project Water shall be delivered to the Contractor unless and until an advance payment at the Rates then in effect for such additional Project Water is made. Final adjustment

between the advance payments for the Water Scheduled and payments for the quantities of Water Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no later than April 30th of the following Year, or 60 days after the delivery of Project Water carried over under subdivision (f) of Article 3 of this Contract if such water is not delivered by the last day of February.

(d) The Contractor shall also make a payment in addition to the Rate(s) in subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the appropriate Tiered Pricing Component then in effect, before the end of the month following the month of delivery; Provided, That the Contractor may be granted an exception from the Tiered Pricing Component pursuant to subdivision (j)(2) of this Article. The payments shall be consistent with the quantities of Irrigation Water and M&I Water Delivered as shown in the water delivery report for the subject month prepared by the Operating Non-Federal Entity or, if there is no Operating Non-Federal Entity, by the Contracting Officer. The water delivery report shall be deemed a bill for the payment of Charges and the applicable Tiered Pricing Component for Water Delivered. Adjustment for overpayment or underpayment of Charges shall be made through the adjustment of payments due to the United States for Charges for the next month. Any amount to be paid for past due payment of Charges and the Tiered Pricing Component shall be computed pursuant to Article 20 of this Contract.

(e) The Contractor shall pay for any Water Delivered under subdivision (d), (f), or (g) of Article 3 of this Contract as determined by the Contracting Officer pursuant to applicable statutes, associated regulations, any applicable provisions of guidelines or ratesetting policies; Provided, That the Rate for Water Delivered under subdivision (d) or (f) of Article 3 of this Contract shall be no more than the otherwise applicable Rate for Irrigation Water or M&I Water under subdivision (a) of this Article.

(f) Payments to be made by the Contractor to the United States under this Contract may be paid from any revenues available to the Contractor.

(g) All revenues received by the United States from the Contractor relating to the delivery of Project Water or the delivery of non-project water through Project facilities shall be allocated and applied in accordance with Federal Reclamation law and the associated rules or regulations, and the then current Project ratesetting policies for municipal and industrial water or Irrigation Water.

(h) The Contracting Officer shall keep its accounts pertaining to the administration of the financial terms and conditions of its long-term contracts, in accordance with applicable Federal standards, so as to reflect the application of Project costs and revenues. The Contracting Officer shall, each Year upon request of the Contractor, provide to the Contractor a detailed accounting of all Project and Contractor expense allocations, the disposition of all Project and Contractor revenues, and a summary of all water delivery information. The Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any discrepancies or disputes relating to accountings, reports, or information.

(i) The parties acknowledge and agree that the efficient administration of this Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms, policies, and procedures used for establishing Rates, Charges, and Tiered Pricing Components, and/or for making and allocating payments, other than those set forth in this Article may be in the mutual best interest of the parties, it is expressly agreed that the parties may enter into agreements to modify the mechanisms, policies, and procedures for any of those purposes while this Contract is in effect without amending this Contract.

(j) (1) Beginning at such time as deliveries of Project Water in a Year exceed 80 percent of the Contract Total, then before the end of the month following the month of

571 delivery the Contractor shall make an additional payment to the United States equal to the  
572 applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water  
573 Delivered in excess of 80 percent of the Contract Total, but less than or equal to 90 percent of the  
574 Contract Total, shall equal one-half of the difference between the Rate established under  
575 subdivision (a) of this Article and the Irrigation Full Cost Water Rate or Other Full Cost Water  
576 Rate, whichever is applicable. The Tiered Pricing Component for the amount of Water  
577 Delivered which exceeds 90 percent of the Contract Total shall equal the difference between (i)  
578 the Rate established under subdivision (a) of this Article and (ii) the Irrigation Full Cost Water  
579 Rate or Other Full Cost Water Rate, whichever is applicable. For all Water Delivered pursuant  
580 to subdivision (a) of Article 3 of this Contract which is in excess of 80 percent of the Contract  
581 Total, this increment shall be deemed to be divided between Irrigation Water and Other Water in  
582 the same proportion as actual deliveries of each bear to the cumulative total Water Delivered.

583                   (2) Subject to the Contracting Officer's written approval, the  
584 Contractor may request and receive an exemption from such Tiered Pricing Components for  
585 Project Water delivered to produce a crop which the Contracting Officer determines will provide  
586 significant and quantifiable habitat values for waterfowl in fields where the water is used and the  
587 crops are produced; Provided, That the exemption from the Tiered Pricing Components for  
588 Irrigation Water shall apply only if such habitat values can be assured consistent with the  
589 purposes of CVPIA through binding agreements executed with or approved by the Contracting  
590 Officer prior to use of such water.

591                   (3) For purposes of determining the applicability of the Tiered Pricing  
592 Components pursuant to this Article, Water Delivered shall include Project Water that the

Contractor transfers to others but shall not include Project Water transferred and delivered to the Contractor nor shall it include the additional water provided to the Contractor under the provisions of subdivision (f) of Article 3 of this Contract.

(k) For the term of this Contract, Rates under the respective ratesetting policies will be established to recover only reimbursable “operation and maintenance” (including any deficits) and capital costs of the Project, as those terms are used in the then-current Project ratesetting policies, and interest, where appropriate, except in instances where a minimum Rate is applicable in accordance with the relevant Project ratesetting policy. Changes of significance in practices which implement the Contracting Officer’s ratesetting policies will not be implemented until the Contracting Officer has provided the Contractor an opportunity to discuss the nature, need, and impact of the proposed change.

(l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor’s Rates adjusted upward or downward to reflect the changed costs, (if any), incurred by the Contracting Officer in the delivery of the transferred Project Water to the transferee’s point of delivery in accordance with the then applicable CVP Ratesetting Policy. If the Contractor is receiving lower Rates and Charges because of inability to pay and is transferring Project Water to another entity whose Rates and Charges are not adjusted due to inability to pay, the Rates and Charges for transferred Project Water shall be the Contractor’s Rates and Charges unadjusted for inability to pay.

(m) Pursuant to the Act of October 27, 1986 (100 Stat. 3050), the Contracting Officer is authorized to adjust determinations of ability to pay every 5 years.

NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

8. The Contractor and the Contracting Officer concur that, as of the effective date of this Contract, the Contractor has no non-interest bearing operation and maintenance deficits and shall have no further liability therefor.

SALES, TRANSFERS, OR EXCHANGES OF WATER

9. Omitted.

APPLICATION OF PAYMENTS AND ADJUSTMENTS

10. (a) The amount of any overpayment by the Contractor of the Contractor's O&M, Capital, and deficit (if any) obligations for the Year shall be applied first to any current liabilities of the Contractor arising out of this Contract then due and payable. Overpayments of more than \$1,000 shall be refunded at the Contractor's request. In lieu of a refund, any amount of such overpayment at the option of the Contractor, may be credited against amounts to become due to the United States by the Contractor. With respect to overpayment, such refund or adjustment shall constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the use of any of the Project Water supply provided for herein. All credits and refunds of overpayments shall be made within 30 days of the Contracting Officer obtaining direction as to how to credit or refund such overpayment in response to the notice to the Contractor that it has finalized the accounts for the Year in which the overpayment was made.

(b) All advances for miscellaneous costs incurred for work requested by the Contractor pursuant to Article 25 of this Contract shall be adjusted to reflect the actual costs when the work has been completed. If the advances exceed the actual costs incurred, the difference will be refunded to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be billed for the additional costs pursuant to Article 25 of this Contract.

TEMPORARY REDUCTIONS--RETURN FLOWS

11. (a) Subject to: (i) the authorized purposes and priorities of the Project and the requirements of Federal law; and (ii) the obligations of the United States under existing contracts, or renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall make all reasonable efforts to optimize Project Water deliveries to the Contractor as provided in this Contract.

(b) The Contracting Officer or Operating Non-Federal Entity may temporarily discontinue or reduce the quantity of Water Delivered to the Contractor as herein provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or any part thereof necessary for the delivery of Project Water to the Contractor, but so far as feasible the Contracting Officer or Operating Non-Federal Entity will give the Contractor due notice in advance of such temporary discontinuance or reduction, except in case of emergency, in which case no notice need be given; Provided, That the United States shall use its best efforts to avoid any discontinuance or reduction in such service. Upon resumption of service after such reduction or discontinuance, and if requested by the Contractor, the United States will, if possible, deliver the quantity of Project Water which would have been delivered hereunder in the absence of such discontinuance or reduction.

(c) The United States reserves the right to all seepage and return flow water derived from Water Delivered to the Contractor hereunder which escapes or is discharged beyond the Contractor's Service Area; Provided, That this shall not be construed as claiming for the United States any right as seepage or return flow being put to reasonable and beneficial use

pursuant to this Contract within the Contractor's Service Area by the Contractor or those claiming by, through, or under the Contractor.

CONSTRAINTS ON THE AVAILABILITY OF WATER

12. (a) In its operation of the Project, the Contracting Officer will use all reasonable means to guard against a Condition of Shortage in the quantity of water to be made available to the Contractor pursuant to this Contract. In the event the Contracting Officer determines that a Condition of Shortage appears probable, the Contracting Officer will notify the Contractor of said determination as soon as practicable.

(b) If there is a Condition of Shortage because of errors in physical operations of the Project, drought, other physical causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer to meet legal obligations then, except as provided in subdivision (a) of Article 18 of this Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom.

(c) In any Year in which there may occur a shortage for any of the reasons specified in subdivision (b) above, the Contracting Officer shall apportion the available Project Water supply among the Contractor and others entitled, under existing contracts and future contracts (to the extent such future contracts are permitted under subsections (a) and (b) of Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the contractual obligations of the United States.



679                                    UNAVOIDABLE GROUNDWATER PERCOLATION

680                    13.      To the extent applicable, the Contractor shall not be deemed to have delivered  
681      Irrigation Water to Excess Lands or Ineligible Lands within the meaning of this Contract if such  
682      lands are irrigated with groundwater that reaches the underground strata as an unavoidable result  
683      of the delivery of Irrigation Water by the Contractor to Eligible Lands.

684                                    RULES AND REGULATIONS

685                    14.      The parties agree that the delivery of Irrigation Water or use of Federal facilities  
686      pursuant to this Contract is subject to Federal Reclamation law, including but not limited to, the  
687      Reclamation Reform Act of 1982 (43 U.S.C.390aa et seq.), as amended and supplemented, and  
688      the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation  
689      law.

690                                    WATER AND AIR POLLUTION CONTROL

691                    15.      The Contractor, in carrying out this Contract, shall comply with all applicable  
692      water and air pollution laws and regulations of the United States and the State of California, and  
693      shall obtain all required permits or licenses from the appropriate Federal, State, or local  
694      authorities.

695                                    QUALITY OF WATER

696                    16.      (a)      Project facilities used to deliver Project Water to the Contractor pursuant  
697      to this Contract shall be operated and maintained to enable the United States to deliver Project  
698      Water to the Contractor in accordance with the water quality standards specified in subsection  
699      2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October

27, 1986 (100 Stat. 3050) or other existing Federal laws. The United States is under no obligation to construct or furnish water treatment facilities to maintain or to improve the quality of Water Delivered to the Contractor pursuant to this Contract. The United States does not warrant the quality of Water Delivered to the Contractor pursuant to this Contract.

(b) The Operation and Maintenance of Project facilities shall be performed in such manner as is practicable to maintain the quality of raw water made available through such facilities at the highest level reasonably attainable as determined by the Contracting Officer. The Contractor shall be responsible for compliance with all State and Federal water quality standards applicable to surface and subsurface agricultural drainage discharges generated through the use of Federal or Contractor facilities or Project Water provided by the Contractor within the Contractor's Service Area.

WATER ACQUIRED BY THE CONTRACTOR  
OTHER THAN FROM THE UNITED STATES

17. (a) Water or water rights now owned or hereafter acquired by the Contractor other than from the United States and Irrigation Water furnished pursuant to the terms of this Contract may be simultaneously transported through the same distribution facilities of the Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water and non-Project water were constructed without funds made available pursuant to Federal Reclamation law, the provisions of Federal Reclamation law will be applicable only to the Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive Irrigation Water must be established through the certification requirements as specified in the Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of Eligible Lands within the Contractor's Service Area can be established and the quantity of

Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and non-Project water are/were constructed with funds made available pursuant to Federal Reclamation law, the non-Project water will be subject to the acreage limitation provisions of Federal Reclamation law, unless the Contractor pays to the United States the incremental fee described in 43 CFR 426.15. In determining the incremental fee, the Contracting Officer will calculate annually the cost to the Federal Government, including interest ~~of~~ **on** storing or delivering non-Project water, which for purposes of this Contract shall be determined as follows: The quotient shall be the unpaid distribution system costs divided by the total irrigable acreage within the Contractor's Service Area. The incremental fee per acre is the mathematical result of such quotient times the interest rate determined using Section 202 (3) of the Act of October 12, 1982 (96 Stat. 1263). Such incremental fee will be charged to each acre of excess or full cost land within the Contractor's Service Area that receives non-Project water through Federally financed or constructed facilities. The incremental fee calculation methodology will continue during the term of this Contract absent the promulgation of a contrary Reclamation-wide rule, regulation, or policy adopted after the Contractor has been afforded the opportunity to review and comment on the proposed rule, regulation, or policy. If such rule, regulation, or policy is adopted it shall supersede this provision.

(b) Water or water rights now owned or hereafter acquired by the Contractor, other than from the United States, may be stored, conveyed, and/or diverted through Project facilities, subject to the completion of appropriate environmental documentation, with the approval of the Contracting Officer and the execution of any contract determined by the Contracting Officer to be necessary, consistent with the following provisions:

(1) The Contractor may introduce non-Project water into Project facilities and deliver said water to lands within the Contractor's Service Area, including Ineligible Lands, subject to payment to the United States and/or to any applicable Operating Non-Federal Entity of an appropriate rate as determined by the CVP Ratesetting Policy and the RRA of 1982, each as amended, modified, or superceded from time to time. In addition, if electrical power is required to pump non-Project water through the facilities, the Contractor shall be responsible for obtaining the necessary power and paying the necessary charges therefor.

(2) Delivery of such non-Project water in and through Project facilities shall only be allowed to the extent such deliveries do not: (i) interfere with other Project purposes as determined by the Contracting Officer; (ii) reduce the quantity or quality of water available to other Project water service contractors; (iii) interfere with the delivery of contractual water entitlements to any other Project water service contractors; or (iv) interfere with the physical maintenance of the Project facilities.

(3) Neither the United States nor the Operating Non-Federal Entity shall be responsible for control, care, or distribution of the non-Project water before it is introduced into or after it is delivered from the Project facilities. The Contractor hereby releases and agrees to defend and indemnify the United States and the Operating Non-Federal Entity, and their respective officers, agents, and employees, from any claim for damage to persons or property, direct or indirect, arising out of or relating to the Contractor's or its officer's, employee's, agent's or assign's, act of (i) extracting or diverting non-Project water from any source, or (ii) diverting such non-Project water into Project facilities.

(4) Diversion of such non-Project water into Project facilities shall be consistent with all applicable laws, and if involving groundwater, consistent with any applicable ground-water management plan for the area from which it was extracted.

(5) After Project purposes are met, as determined by the Contracting Officer, the United States and the Contractor shall share priority to utilize the remaining capacity of the facilities declared to be available by the Contracting Officer for conveyance and transportation of non-Project water prior to any such remaining capacity being made available to non-Project contractors.

#### OPINIONS AND DETERMINATIONS

18. (a) Where the terms of this Contract provide for actions to be based upon the opinion or determination of either party to this Contract, said terms shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of this Contract, expressly reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner. Nothing in subdivision (a) of Article 18 of this Contract is intended to or shall affect or alter the standard of judicial review applicable under Federal law to any opinion or determination implementing a specific provision of Federal law embodied in statute or regulation.

(b) The Contracting Officer shall have the right to make determinations necessary to administer this Contract that are consistent with the provisions of this Contract, the laws of the United States and of the State of California, and the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall be made in consultation with the Contractor to the extent reasonably practicable.

792 COORDINATION AND COOPERATION

793 19. (a) In order to further their mutual goals and objectives, the Contracting  
794 Officer and the Contractor shall communicate, coordinate, and cooperate with each other, and  
795 with other affected Project Contractors, in order to improve the operation and management of the  
796 Project. The communication, coordination, and cooperation regarding operations and  
797 management shall include, but not be limited to, any action which will or may materially affect  
798 the quantity or quality of Project Water supply, the allocation of Project Water supply, and  
799 Project financial matters including, but not limited to, budget issues. The communication,  
800 coordination, and cooperation provided for hereunder shall extend to all provisions of this  
801 Contract. Each party shall retain exclusive decision making authority for all actions, opinion,  
802 and determinations to be made by the respective party.

803 (b) Within 120 days following the effective date of this Contract, the  
804 Contractor, other affected Project Contractors, and the Contracting Officer shall arrange to meet  
805 with interested Project Contractors to develop a mutually agreeable, written Project-wide  
806 process, which may be amended as necessary separate and apart from this Contract. The goal of  
807 this process shall be to provide, to the extent practicable, the means of mutual communication  
808 and interaction regarding significant decisions concerning Project operation and management on  
809 a real-time basis.

810 (c) In light of the factors referred to in subdivision (b) of Article 3 of this  
811 Contract, it is the intent of the Secretary to improve water supply reliability. To carry out this  
812 intent:

813 (1) The Contracting Officer will, at the request of the Contractor,  
814 assist in the development of integrated resource management plans for the Contractor. Further,

the Contracting Officer will, as appropriate, seek authorizations for implementation of partnerships to improve water supply, water quality, and reliability.

(2) The Secretary will, as appropriate, pursue program and project implementation and authorization in coordination with Project Contractors to improve the water supply, water quality, and reliability of the Project for all Project purposes.

(3) The Secretary will coordinate with Project Contractors and the State of California to seek improved water resource management.

(4) The Secretary will coordinate actions of agencies within the Department of the Interior that may impact the availability of water for Project purposes.

(5) The Contracting Officer shall periodically, but not less than annually, hold division level meetings to discuss Project operations, division level water management activities, and other issues as appropriate.

(d) Without limiting the contractual obligations of the Contracting Officer under the other Articles of this Contract, nothing in this Article shall be construed to limit or constrain the Contracting Officer's ability to communicate, coordinate, and cooperate with the Contractor or other interested stakeholders or to make decisions in a timely fashion as needed to protect health, safety, physical integrity of structures or facilities.

#### CHARGES FOR DELINQUENT PAYMENTS

20. (a) The Contractor shall be subject to interest, administrative and penalty charges on delinquent installments or payments. When a payment is not received by the due date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date. When a payment becomes sixty (60) days delinquent, the Contractor shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. When a payment is delinquent ninety (90) days or more, the Contractor shall pay an additional penalty charge of six (6%) percent per year for each day the payment is delinquent beyond the due date. Further, the Contractor shall pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments, or the interest rate of one-half of one (0.5%) percent per month prescribed by Section 6 of the Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and remain fixed for the duration of the delinquent period.

(c) When a partial payment on a delinquent account is received, the amount received shall be applied, first to the penalty, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

#### EQUAL OPPORTUNITY

21. During the performance of this Contract, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of payment or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without discrimination because of race, color, religion, sex, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the said labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.



(e) The Contractor will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in said amended Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

#### GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

22. (a) The obligation of the Contractor to pay the United States as provided in this Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may be distributed among the Contractor's water users and notwithstanding the default of individual water users in their obligations to the Contractor.

(b) The payment of charges becoming due hereunder is a condition precedent to receiving benefits under this Contract. The United States shall not make water available to the Contractor through Project facilities during any period in which the Contractor may be in arrears in the advance payment of water rates due the United States. The Contractor shall not furnish water made available pursuant to this Contract for lands or parties which are in arrears in the advance payment of water rates levied or established by the Contractor.

(c) With respect to subdivision (b) of this Article, the Contractor shall have no obligation to require advance payment for water rates which it levies.

910 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

911 23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964  
912 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the  
913 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights  
914 laws, as well as with their respective implementing regulations and guidelines imposed by the  
915 U.S. Department of the Interior and/or Bureau of Reclamation.

916 (b) These statutes require that no person in the United States shall, on the  
917 grounds of race, color, national origin, handicap, or age, be excluded from participation in, be  
918 denied the benefits of, or be otherwise subjected to discrimination under any program or activity  
919 receiving financial assistance from the Bureau of Reclamation. By executing this Contract, the  
920 Contractor agrees to immediately take any measures necessary to implement this obligation,  
921 including permitting officials of the United States to inspect premises, programs, and documents.

922 (c) The Contractor makes this agreement in consideration of and for the  
923 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other  
924 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of  
925 Reclamation, including installment payments after such date on account of arrangements for  
926 Federal financial assistance which were approved before such date. The Contractor recognizes  
927 and agrees that such Federal assistance will be extended in reliance on the representations and  
928 agreements made in this Article, and that the United States reserves the right to seek judicial  
929 enforcement thereof.

930 PRIVACY ACT COMPLIANCE

931 24. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)  
932 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et  
933 seq.) in maintaining Landholder acreage certification and reporting records, required to be  
934 submitted to the Contractor for compliance with Sections 206 and 228 of the Reclamation  
935 Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.18.

936 (b) With respect to the application and administration of the criminal penalty  
937 provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees  
938 responsible for maintaining the certification and reporting records referenced in (a) above are  
939 considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

940 (c) The Contracting Officer or a designated representative shall provide the  
941 Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau  
942 of Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation-  
943 Interior, Reclamation-31) which govern the maintenance, safeguarding, and disclosure of  
944 information contained in the Landholder's certification and reporting records.

(d) The Contracting Officer shall designate a full-time employee of the Bureau of Reclamation to be the System Manager who shall be responsible for making decisions on denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The Contractor is authorized to grant requests by individuals for access to their own records.

(e) The Contractor shall forward promptly to the System Manager each proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System Manager with information and records necessary to prepare an appropriate response to the requester. These requirements do not apply to individuals seeking access to their own certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.18, unless the requester elects to cite the Privacy Act as a basis for the request.

#### CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

25. In addition to all other payments to be made by the Contractor pursuant to this Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and detailed statement submitted by the Contracting Officer to the Contractor for such specific items of direct cost incurred by the United States for work requested by the Contractor associated with this Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies and procedures. All such amounts referred to in this Article shall not exceed the amount agreed to in writing in advance by the Contractor. This Article shall not apply to costs for routine contract administration.

#### WATER CONSERVATION

26. (a) Prior to the delivery of water provided from or conveyed through Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor shall be implementing an effective water conservation and efficiency program based on the Contractor's water conservation plan that has been determined by the Contracting Officer to meet the conservation and efficiency criteria for evaluating water conservation plans established under Federal law. The water conservation and efficiency program shall contain definite water

conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives. Continued Project Water delivery pursuant to this Contract shall be contingent upon the Contractor's continued implementation of such water conservation program. In the event the Contractor's water conservation plan or any revised water conservation plan completed pursuant to subdivision (d) of Article 26 of this Contract have not yet been determined by the Contracting Officer to meet such criteria, due to circumstances which the Contracting Officer determines are beyond the control of the Contractor, water deliveries shall be made under this Contract so long as the Contractor diligently works with the Contracting Officer to obtain such determination at the earliest practicable date, and thereafter the Contractor immediately begins implementing its water conservation and efficiency program in accordance with the time schedules therein.

(b) Should the amount of Other Water delivered pursuant to subdivision (a) of Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Contractor shall implement the Best Management Practices identified by the time frames issued by the California Urban Water Conservation Council for such municipal and industrial water unless any such practice is determined by the Contracting Officer to be inappropriate for the Contractor.

(c) The Contractor shall submit to the Contracting Officer a report on the status of its implementation of the water conservation plan on the reporting dates specified in the then existing conservation and efficiency criteria established under Federal law.

(d) At 5-year intervals, the Contractor shall revise its water conservation plan to reflect the then current conservation and efficiency criteria for evaluating water conservation plans established under Federal law and submit such revised water management plan to the Contracting Officer for review and evaluation. The Contracting Officer will then determine if

the water conservation plan meets Reclamation's then current conservation and efficiency criteria for evaluating water conservation plans established under Federal law.

(e) If the Contractor is engaged in direct ground-water recharge, such activity shall be described in the Contractor's water conservation plan.

EXISTING OR ACQUIRED WATER OR WATER RIGHTS

27. Except as specifically provided in Article 17 of this Contract, the provisions of this Contract shall not be applicable to or affect non-Project water or water rights now owned or hereafter acquired by the Contractor or any user of such water within the Contractor's Service Area. Any such water shall not be considered Project Water under this Contract. In addition, this Contract shall not be construed as limiting or curtailing any rights which the Contractor or any water user within the Contractor's Service Area acquires or has available under any other contract pursuant to Federal Reclamation law.

OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

28. Omitted

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

29. The expenditure or advance of any money or the performance of any obligation of the United States under this Contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations under this Contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.

BOOKS, RECORDS, AND REPORTS

30. (a) The Contractor shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Contract, including: the Contractor's financial transactions, water supply data, and Project land and right-of-way agreements; the water users' land-use (crop census), land ownership, land-leasing and water use

1022 data; and other matters that the Contracting Officer may require. Reports thereon shall be  
1023 furnished to the Contracting Officer in such form and on such date or dates as the Contracting  
1024 Officer may require. Subject to applicable Federal laws and regulations, each party to this  
1025 Contract shall have the right during office hours to examine and make copies of the other party's  
1026 books and records relating to matters covered by this Contract.

1027 (b) Notwithstanding the provisions of subdivision (a) of this Article, no  
1028 books, records, or other information shall be requested from the Contractor by the Contracting  
1029 Officer unless such books, records, or information are reasonably related to the administration or  
1030 performance of this Contract. Any such request shall allow the Contractor a reasonable period of  
1031 time within which to provide the requested books, records, or information.

1032 (c) At such time as the Contractor provides information to the Contracting  
1033 Officer pursuant to subdivision (a) of this Article, a copy of such information shall be provided  
1034 to the Operating Non-Federal Entity.

1035 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

1036 31. (a) The provisions of this Contract shall apply to and bind the successors and  
1037 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest  
1038 therein shall be valid until approved in writing by the Contracting Officer.

1039 (b) The assignment of any right or interest in this Contract by either party  
1040 shall not interfere with the rights or obligations of the other party to this Contract absent the  
1041 written concurrence of said other party.

1042 (c) The Contracting Officer shall not unreasonably condition or withhold his  
1043 approval of any proposed assignment.

1044 SEVERABILITY

1045 32. In the event that a person or entity who is neither (i) a party to a Project contract,  
1046 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)  
1047 an association or other form of organization whose primary function is to represent parties to  
1048 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or  
1049 enforceability of a provision included in this Contract and said person, entity, association, or  
1050 organization obtains a final court decision holding that such provision is legally invalid or  
1051 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),  
1052 the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such  
1053 final court decision identify by mutual agreement the provisions in this Contract which must be  
1054 revised, and (ii) within 3 months thereafter promptly agree on the appropriate revision(s). The  
1055 time periods specified above may be extended by mutual agreement of the parties. Pending the  
1056 completion of the actions designated above, to the extent it can do so without violating any  
1057 applicable provisions of law, the United States shall continue to make the quantities of Project  
1058 Water specified in this Contract available to the Contractor pursuant to the provisions of this  
1059 Contract which were not found to be legally invalid or unenforceable in the final court decision.

1060 RESOLUTION OF DISPUTES

1061 33. Should any dispute arise concerning any provisions of this Contract, or the  
1062 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to  
1063 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting  
1064 Officer referring any matter to Department of Justice, the party shall provide to the other party  
1065 30 days' written notice of the intent to take such action; Provided, That such notice shall not be  
1066 required where a delay in commencing an action would prejudice the interests of the party that  
1067 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer

1068 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided,  
1069 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the  
1070 United States may have.

1071 OFFICIALS NOT TO BENEFIT

1072 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the  
1073 Contractor shall benefit from this Contract other than as a water user or landowner in the same  
1074 manner as other water users or landowners.

1075 CHANGES IN CONTRACTOR'S SERVICE AREA

1076 35. (a) While this Contract is in effect, no change may be made in the  
1077 Contractor's Service Area or boundaries, by inclusion or exclusion of lands, dissolution,  
1078 consolidation, merger, or otherwise, except upon the Contracting Officer's written consent.

1079 (b) Within 30 days of receipt of a request for such a change, the Contracting  
1080 Officer will notify the Contractor of any additional information required by the Contracting  
1081 Officer for processing said request, and both parties will meet to establish a mutually agreeable  
1082 schedule for timely completion of the process. Such process will analyze whether the proposed  
1083 change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract;  
1084 (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or  
1085 to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii)  
1086 have an impact on any Project Water rights applications, permits, or licenses. In addition, the  
1087 Contracting Officer shall comply with the National Environmental Policy Act and the  
1088 Endangered Species Act. The Contractor will be responsible for all costs incurred by the  
1089 Contracting Officer in this process, and such costs will be paid in accordance with Article 25 of  
1090 this Contract.



1091 FEDERAL LAWS

1092 36. By entering into this Contract, the Contractor does not waive its rights to contest  
1093 the validity or application in connection with the performance of the terms and conditions of this  
1094 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with  
1095 the terms and conditions of this Contract unless and until relief from application of such Federal  
1096 law or regulation to the implementing provision of the Contract is granted by a court of  
1097 competent jurisdiction.

1098 NOTICES

1099 37. Any notice, demand, or request authorized or required by this Contract shall be  
1100 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or  
1101 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office, 16349  
1102 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United States, when  
1103 mailed, postage prepaid, or delivered to the Board of Directors of the Feather Water District, 280  
1104 Wilkie Avenue, Yuba City, California 95991. The designation of the addressee or the address  
1105 may be changed by notice given in the same manner as provided in this Article for other notices.

1106 CONFIRMATION OF CONTRACT

1107 38. The Contractor, after the execution of this Contract, shall promptly seek to secure  
1108 a decree of a court of competent jurisdiction of the State of California, confirming the execution  
1109 of this Contract. The Contractor shall furnish the United States a certified copy of the final  
1110 decree, the validation proceedings, and all pertinent supporting records of the court approving  
1111 and confirming this Contract, and decreeing and adjudging it to be lawful, valid, and binding on  
1112 the Contractor.

1113                    IN WITNESS WHEREOF, the parties hereto have executed this Contract as of  
1114   the day and year first above written.

1115                    THE UNITED STATES OF AMERICA

1116                    By: \_\_\_\_\_  
1117                    Regional Director, Mid-Pacific Region  
1118                    Bureau of Reclamation

1119                    FEATHER WATER DISTRICT

1120                    By: \_\_\_\_\_  
1121                    President of the Board of Directors

1122   Attest:

1123   By: \_\_\_\_\_  
1124   Secretary of the Board of Directors

Feather WD Draft 05/28-2003  
Sac.Valley Division Draft 5/28-2003  
CVP-Wide Draft 5/23-2003  
Contract No.14-06-200-171-A- LTR1

EXHIBIT A

[Map or Description of Service Area]

Feather WD Draft 06/25-2003  
R.O. Final CVP-Wide 6/10-2003  
Sac.Valley Division Draft 5/28-2003  
CVP-Wide Draft 5/23-2003  
Contract No.14-06-200-171-A- LTR1

**EXHIBIT B**  
[Initial Rates and Charges]